

Cash Flow Key as Lending Eases on Self-Storage Deals

Loan-to-Value of 70% or More on Solid Properties

Costa Mesa's **Talonvest Capital Inc.**, a recently started real estate financing company that targets self-storage investors, says financing's coming back to the industry.

"For (larger) cash-flowing properties, there's no problem getting financing," said **Eric Snyder**, a principal with Talonvest, who started the company last year with **Thomas Sherlock**.

Smaller properties have been trickier to finance. Late last year Talonvest started a loan program targeting that market.

Loan terms include a \$3 million minimum loan amount and a 70% maximum loan-to-value.

The company hopes to make about \$150 million

worth of loans this year.

The trick is for investors to find stable assets, company officials said.

Higher loan-to-value rates are available on solid properties, but troubled and bank-owned assets still are selling in all-cash deals rather than getting financing, said Sherlock.

Ladera Ranch's **Strategic Storage Trust Inc.**, a buyer of self-storage facilities that was profiled in a story in last week's Business Journal, counts about a 50% loan-to-value ratio for its nearly 4.7 million-square-foot portfolio, according to Chief Executive **H. Michael Schwartz**.

Debt "is not back for everyone—and it's not



Strategic Storage: not reliant on financing for expansion

clear yet whether we're going to see many 80% (loan-to-value deals) again," he said.

Strategic Storage also has raised nearly \$220 million from investors in the past two years, making it less reliant on high loan-to-value financing.

Talonvest's Sherlock and Snyder came from Newport Beach's real estate investment bank Buchanan Street Partners.

Jim Davies, who joined Talonvest as a principal earlier this year, also counts experience at Buchanan Street.

Snyder and Davies co-founded Buchanan Street's storage capital division, which has worked on some \$3.5 billion worth of deals in the past few years.

Prior to Talonvest, Davies was a managing director at R.J. Brandes' Belgravia Capital

Corp., based in Costa Mesa.

Land Deal Still On

The recently announced \$6.8 billion acquisition of Brea-based medical instruments maker Beckman Coulter Inc. by Washington, D.C.-based Danaher Corp. shouldn't affect Beckman's long-planned sale of its former Fullerton headquarters, according to brokers marketing the campus.

The Anaheim office of Newport Beach's Voit Real Estate Services put the iconic 44-acre former Beckman Fullerton site on the market last summer.

It's possible that a buyer might look to redevelop all or part of the campus, which counts eight office, industrial and laboratory buildings totaling about 600,000 square feet.

Beckman, one of the county's largest public companies by yearly revenue, moved its headquarters to neighboring Brea in 2009. It had been in Fullerton for more than 50 years.

The site still is being marketed to institutional investors, developers and potential companies and business owners that might want to operate there, according to Mitch Zehner, executive vice president at Voit.

"We're in the middle of the sales process," said Zehner.

A sale is expected to be completed later this year. Minimum bids for the campus previously were expected to be in the \$35 million range.

The deal between Beckman and Danaher, a conglomerate best known for Craftsman tools sold at Sears stores, is expected to close by July.

KBS Stays Busy

An investment trust run by Newport

Beach investor **KBS Realty Advisors** has snapped up a four-building industrial portfolio in northeastern Pennsylvania for the eye-opening sum of \$90 million.

The buildings, in the communities of Pittston, Hazleton and Jessup, total about 1.6 million square feet, putting the sale price at \$54.73 per square foot. The four properties total about 133 acres of land.

The warehouses also are 100% leased, in keeping with KBS' strategy of buying high-end office and industrial buildings with high occupancy rates.

The seven tenants include three total-building leases by Kimberly-Clark, Amazon.com and the Entenmann's division of Grupo Bimbo, according to the company.

KBS-affiliated companies have bought and sold close to \$20 billion worth of properties since the company's inception in 1992.

Apartment Sale

A big Garden Grove apartment complex near Crystal Cathedral has been sold for \$53 million.

Crystal View, a 402-unit apartment complex just off Chapman Ave., traded hands this week for about \$132,000 per apartment.

The buyers were New York's Phoenix Realty Group and MG Properties Group of San Diego. MG Properties also paid \$48 million for a 247-apartment complex called Sunridge Pines in Rancho Cucamonga this month.



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